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June, 2021 Joint Committee on Finance Paper #231

Reserves for General Salary-Related Provisions (Compensation Reserves)

[LFB 2021-23 Budget Summary: Page 116, #1]

CURRENT LAW

Funding is allocated to compensation reserves for cost increases related to state and University of Wisconsin (UW) System employee salaries and fringe benefits, including proposed pay increases which would be finalized in the forthcoming compensation plan.

DISCUSSION POINTS

1. Under Assembly Bill 68/Senate Bill 111, funding is provided in the 2021-23 general fund condition statement for compensation reserves totaling $54,066,100 GPR in 2021-22 ($88,072,600 all funds) and $117,807,800 GPR in 2022-23 ($187,173,200 all funds) for cost increases related to state and UW System employee salaries and fringe benefits.

2. This paper addresses amounts budgeted under compensation reserves for general salary-related provisions not targeted to known, specified position classifications. Separate budget papers have been prepared for the following provisions also budgeted under compensation reserves: (a) fringe benefit cost increases, net of estimated fringe benefit cost savings under current law; and (b) a pay progression system for nursing assistants and resident care technicians.

3. On May 6, 2021, in executive session, the Committee removed various provisions from further consideration, including proposals to: add June 19 as a paid holiday for state and UW System executive branch employees; provide paid parental leave for state and UW System executive branch employees; and modify the vacation allowance structure for non-UW executive branch employees. In addition, subsequent to introduction of the budget, the administration indicated that the cost to increase minimum pay to $15 per hour and implement a market stratification was calculated

incorrectly. The reestimated cost of the proposal is $2,211,000 GPR annually (rather than $3,879,900 GPR annually). The remaining general salary-related provisions for the Committee to consider, including the cost reestimate, are shown in Table 1.

TABLE 1

GPR Compensation Reserves for General Salary-Related Provisions, Excluding Items Removed from Consideration

	2021-22	2022-23
General Wage Adjustments	$21,717,000	$65,734,500
Market Wage and Parity Adjustments	5,000,000	5,000,000
Minimum Pay Increase to $15 per Hour, with Market Stratification (Reestimated)	2,211,000	2,211,000
Night and Weekend Differential Increase	0	2,388,800
Total	$28,928,000	$75,334,300

4. Generally speaking, an employee's contribution to a state agency's mission tends to increase with length of service as an employee gains experience and expertise. With experience, the ability of these employees to handle increasing and more complicated workloads grows, and the quality of service that these employees can provide to the state and affected members of the public may also improve. Moreover, when employee turnover is reduced, agencies can minimize the resources that must be applied to the recruitment and training of new employees. Finally, in retaining qualified staff, increased compensation can be a tangible way for the state to indicate that the staff, and the work the staff performs, is valued.

5. Following is a discussion of each of the general salary-related provisions for which the Committee may consider reserving funding to support the state in successfully recruiting and retaining employees.

General Wage Adjustments

6. Amounts in compensation reserves include funding for two general wage adjustments (GWAs) of 2% each on January 1, 2022, and January 1, 2023, for state and UW System employees. Combined, these increases represent a 4.04% general wage increase for employees over the 2021-23 biennium. The timing and percentage amount of the proposed pay increases are identical to those provided in the 2019-21 biennium (two 2% increases on January 1, 2020, and January 1, 2021).

7. A review of consultant research shows that employers in general have, on average, provided 3% annual wage increases over the past 10 years. Table 2 summarizes the research on pay increases.

TABLE 2

Employer Compensation Increases, 2011 - 2020

Calendar Year	U.S. Average Salary Budget Increases
2011	2.8%
2012	2.8
2013	2.9
2014	3.0
2015	3.0
2016	3.0
2017	3.0
2018	3.1
2019	3.2
2020	2.9
10-Year Average	3.0%

8. Over a similar period, the State of Wisconsin has provided lower wage increases with less frequency. Table 3 summarizes the general wage adjustments provided to state employees and percentage change in the consumer price index for all urban consumers (CPI-U) from 2011-12 to 2020-21 (through April, 2021).

TABLE 3

General Wage Adjustments for State Employees and CPI-U Changes, 2011-12 to 2020-21

Fiscal Year	General Wage Adjustment	Consumer Price Index Change
2011-12	0.0%	2.9%
2012-13	0.0	1.7
2013-14	1.0	1.6
2014-15	1.0	0.7
2015-16	0.0	0.7
2016-17	0.0	1.8
2017-18	0.0	2.3
2018-19	4.0	2.1
2019-20	2.0	1.6
2020-21	2.0	1.7
Percent Change, FY 2012 to 2021	10.4%	18.4%

9. In reviewing Table 3, it should be noted that state employees may be eligible to receive salary increases separate from general wage adjustments, at the employer's discretion or the approval

of the Division of Personnel Management (DPM) in DOA. For example, under the state's compensation plan certain employees may receive pay progression increases, discretionary merit compensation, equity or retention adjustments, and market wage and parity adjustments. In addition, employees may earn pay increases by advancing to higher levels within a classification series or through promotion to a different type of position. Increases in salaries may be supported by a state agency through the utilization of existing resources during the biennium in which the increase occurs or through a supplement request. In the following biennium, standard budget adjustments would provide the agency any necessary funding to support employees' updated salary and fringe benefits costs.

10. In addition, non-retirement separations from state employment have been higher in each of the past five fiscal years (2015-16 to 2019-20) than in any of the preceding five fiscal years (2010-11 to 2014-15). Non-retirement separations have averaged 9.4% annually since 2015-16. Over the same 10-year period, Wisconsin rates of unemployment decreased from 8.0% in 2010-11 to 5.3% in 2019-20. As unemployment rates decrease, competition for a limited supply of workers between employers increases. As of April, 2021, the unemployment rate in Wisconsin is 3.9%. Table 4 summarizes state separation rates, by retirement and non-retirement separations, and unemployment rates in Wisconsin from 2010-11 to 2019-20.

TABLE 4

State Employee Separation Rates and Unemployment Rates in Wisconsin

	State Employee Separation Rates			
Fiscal Year	Non-Retirement Separations	Retirements	Total Separations	Wisconsin Rate of Unemployment
2010-11	3.9%	6.8%	10.7%	8.0%
2011-12	6.1	4.5	10.6	7.2
2012-13	6.1	2.9	9.0	6.9
2013-14	6.8	3.1	9.9	6.1
2014-15	7.7	4.3	12.0	4.8
2015-16	9.1	4.3	13.4	4.1
2016-17	9.5	4.2	13.7	3.6
2017-18	9.7	3.9	13.6	3.1
2018-19	10.1	3.7	13.8	3.1
2019-20	8.7	3.6	12.2	5.3

11. Under the Wisconsin State Constitution, the compensation of a public officer may not be increased or decreased during the term of office, except that: (a) any increase in the compensation of members of the Legislature takes effect, for all Senators and Representatives, after the next general election beginning with the new Assembly term; and (b) any increase or decrease in the compensation of Justices of the Supreme Court or judges of any other court become effective for all Justices or judges, upon the election or appointment of any Justice or judge. Further, under state statute, the salary of each elected district attorney is established at the rate that is in effect for their office in the state

employee compensation plan on the second Tuesday of July preceding the commencement of their term of office. Therefore, state legislators will next be eligible for a pay increase in January, 2023; the State Superintendent, whose coming term will begin July, 2021, would next be eligible for a pay increase when assuming office in July, 2025; other constitutional officers would be eligible for a pay increase in January, 2023; and elected district attorneys would be eligible for a pay increase when assuming office in January, 2025. Further, additional funding for salary increases is provided separately elsewhere in AB 68/SB 111 to support pay progression costs for assistant attorneys general, assistant and deputy district attorneys, and assistant state public defenders. As a result, assistant attorneys general, assistant and deputy district attorneys, and assistant state public defenders would not be eligible to receive general wage adjustments.

12. The calculation of bill funding for general wage adjustments accounts for groups of employees who would be ineligible to receive the pay increases (assistant attorneys general, assistant and deputy district attorneys, and assistant state public defenders), or who would receive pay increases as elected officials on a later date (state legislators and constitutional officers, and elected district attorneys). Included in the calculations are the base salaries of eligible groups of executive branch employees, judges and justices, and staff of the Legislature and the Courts. Funding in 2022-23 would provide for the costs associated with compensation of state legislators and constitutional officers, accounting for the dates on which each elected official could next receive a pay increase.

13. It should be noted that passage of a budget bill that includes funding in compensation reserves for pay increases would not itself effectuate a general wage adjustment for state employees or a salary increase for state elected officials. Rather, salaries for most state employees, including state elected officials, are established in the state employee compensation plan. The compensation plan, which is separate from the budget bill, is established by DPM and approved by the Joint Committee on Employment Relations (JCOER). Therefore, general wage adjustments would not be effectuated unless such increases were included in the 2021-23 state employee compensation plan prepared by DPM, and then subsequently approved by JCOER. Similarly, pay plan recommendations separately requested by the Board of Regents and the UW-Madison Chancellor must ultimately be approved by JCOER. The compensation plan and pay plan recommendations of the UW System are typically reviewed by JCOER in the summer or fall of odd-numbered years. Funding is included in the budget bill to support a general wage adjustment if such an increase is anticipated in the upcoming compensation plan. If funding in the budget bill for pay increases is not approved, general wage adjustments may not ultimately be included in the state compensation plan, and pay increases for UW System employees would be limited.

14. It could be argued that not providing general wage adjustments would erode the state's ability to recruit and retain employees because it would reduce the state's market competitiveness in an economy with relatively low unemployment rates and result in the continuation of increased rates of position separations. In addition, given that other employers have provided greater average pay raises in recent years, it could be argued that the proposed pay increases are modest by comparison. Therefore, the Committee could provide $21,717,000 GPR in 2021-22 and $65,734,500 GPR in 2020-23 to compensation reserves for two 2% general wage adjustments on January 1, 2022, and January 1, 2023. Estimated all funds costs would be $50,854,600 in 2021-22 and $153,581,000 in 2022-23. The annualized cost of the raises in 2023-24 is estimated at $88,094,900 GPR ($206,181,700 all

funds). [Alternative A1] As a point of comparison, the cost to provide two 3% general wage adjustments on January 1, 2022, and January 1, 2023, would be $32,575,600 GPR ($76,282,000 all funds) in 2021-22 and $98,937,500 GPR ($231,134,400 all funds) in 2022-23. The annualized cost of two 3% raises in 2023-24 would be $132,796,400 GPR ($310,803,200 all funds).

15. The Committee could modify the percentage increase or the timing of the general wage adjustments for which funding is budgeted in compensation reserves. With regard to timing, for example, the Committee could provide funding to support increases at the beginning of each fiscal year rather than at the beginning of each calendar year. While supporting pay increases earlier in the fiscal year increases the costs of the provision during the 2021-23 biennium, it also reduces the out-year commitment associated with the adjustments. On the other hand, budgeting for raises in January of each year would provide for evenly spaced, gradual compensation increases since the most recent general wage adjustment was provided in January, 2021.

16. The administration believes that if adjustments of less than 2% each were provided, lower-paid employees in particular would see a reduction in purchasing power (inflation in consumer prices has a larger impact since essential expenses represent a greater percentage share of such employees' salaries). In addition, given that other employers are generally offering larger pay raises, the state's ability to compete in the labor market would be reduced. However, employees would likely appreciate receiving some amount of general wage adjustment, rather than receiving no general wage adjustment. If the Committee wishes to provide a lesser amount of funding for general wage adjustments for state and UW System employees, it could consider providing $10,858,500 GPR in 2021-22 and $32,761,300 GPR in 2022-23 for the cost of two increases of 1% each on January 1, 2022, and January 1, 2023. Estimated all funds costs would be $25,427,300 in 2021-22 and $76,536,200 in 2022-23. [Alternative A2] The annualized cost of two 1% raises in 2023-24 would be $43,829,400 GPR ($102,580,500 all funds). If the Committee takes no action, general wage adjustments will likely not be provided. [Alternative A3]

Market Wage and Parity Adjustments

17. Funding budgeted to compensation reserves in the bill includes $5,000,000 GPR annually for market wage and parity adjustments for classified employees. Market wage and parity adjustments exist to provide pay increases to employees within certain classifications in which recruitment and retention problems have been identified due to issues such as state salaries being below market levels. The biennial compensation plan identifies the employee classifications that are eligible for market wage and parity adjustments and the specific amount of adjustments that would be provided in the relevant biennium.

18. Including funding within compensation reserves for market wage and parity adjustments would assist agencies in providing these adjustments to their employees. In addition, if funding is provided in compensation reserves, a larger number of classifications would be eligible for market wage and parity adjustments than would be the case otherwise (that is, if all market wage and parity adjustments were agency-funded), since agencies would be able to request supplemental funding to support market wage and parity adjustments.

19. The 2019-21 biennial budget included $2,000,000 GPR annually in compensation

reserves for market wage and parity adjustments. Most of the market wage adjustments funded from compensation reserves were in the amounts of $0.50 or $0.70 per hour, based on job level. The administration indicates that providing these adjustments helped prevent the state from falling further behind market wages. However, many occupations still have pay rates below market rates.

20. While wage rates are not inclusive of the value of fringe benefits, one indication that total compensation (salary and fringe benefits) may be insufficient from a recruitment and retention perspective is where higher separation or vacancy rates are observed for particular classifications or occupational areas. To the degree there are limits on available funding, market wage adjustments are prioritized to classifications which are identified as having greater percentage differences in wage relative to market rates in Wisconsin, as well as to specific recruitment and retention challenges identified by agencies as high priority. To this end, the Division of Personnel Management surveys agencies and conducts labor market research prior to submitting a proposed compensation plan, for the purpose of determining priorities and preparing specific pay policies and recommendations.

21. The Division of Personnel Management believes funding above the level provided for the 2019-21 biennium would better assist in addressing continued market wage and parity adjustment needs. If less funding were provided for this purpose, fewer classifications could receive targeted pay increases. Although specific occupational areas that could be targeted through the 2021-23 compensation plan with additional funds were not identified, the following groups experienced separation rates over 15% in 2019-20: personal care aides (48.6%), food production (24.2%), health care technicians (16.2%), educational supervisors (16.0%), production laborers (15.3%), and public safety (15.1%).

22. The administration believes that a reduction in the recommended funding would result in further increases in position separations, additional costs to recruit and train new employees, and a reduction in quantity and quality of work due to inexperience. Further, DPM indicates that while a number of agencies with positions funded from sources other than GPR may be able to provide market wage and parity adjustments through existing resources, agencies with positions funded from GPR may be at a disadvantage without a source of supplemental funding, creating inequities between agencies funded from GPR and agencies funded from other sources.

23. Funding provided in AB 68/SB 111 for market wage and parity adjustments represents 0.29% of base payroll for classified positions in each year of the biennium. If two general wage adjustments of 2% each were provided in addition to $5.0 million annually for market wage and parity adjustments, the state as an employer would be providing increases of approximately 2.3% annually for classified employees overall, relative to 3.0% annual increases provided by employers more generally (most classified employees would receive increases of 2% and others would receive larger increases to address issues of particular classifications).

24. Providing for market wage and parity adjustments allows the state to compete as an employer with the private sector and other units of government in recruiting and retaining qualified employees. With more experienced and qualified staff, the services the state provides to Wisconsin may improve, and those services may be provided in a more efficient and effective manner. Finally, with greater recruitment and retention efforts, the state can minimize the resources that must be allocated toward the recruitment and training of new staff. In recognition of these considerations, the

Committee could provide $5,000,000 GPR annually for market wage and parity adjustments. [Alternative B1]

25. Alternatively, the Committee could provide a reduced level of funding in compensation reserves for market wage and parity adjustments. For example, the Committee could provide: (a) $4,500,000 GPR annually, 0.26% of base payroll [Alternative B2]; (b) $4,000,000 GPR annually, 0.23% of base payroll [Alternative B3]; (c) $3,500,000 GPR annually, 0.2% of base payroll [Alternative B4]; (d) $3,000,000 GPR annually, 0.17% of base payroll [Alternative B5]; or (e) $2,500,000 GPR annually, 0.14% of base payroll. [Alternative B6]

26. If the Committee takes no action and funding is not provided for market wage and parity adjustments in compensation reserves, DPM could still propose market wage and parity adjustments for certain classifications in the 2021-23 compensation plan, to the extent such adjustments could be supported within agencies' existing resources. [Alternative B7] For agencies that are not able to support market wage and parity adjustments with existing resources, market wage and parity adjustments would be awarded at a lower level or to a fewer number of position classifications, or both. Further, when market wage and parity adjustments are proposed for certain classifications, funding generally must be available for adjustments at all agencies that employ positions in that classification. This prevents an employee in a classification at one agency from earning a different salary than another employee with the same classification at a separate agency, which could create equity issues. The need for funding availability across all agencies with similar classifications can present a barrier in providing certain classifications market wage and parity adjustments.

Minimum Pay and Market Stratification

27. Funding is included in AB 68/SB 111 to: (a) increase minimum pay for state employees in the executive branch (not including the UW System) to $15 per hour; and (b) implement a market stratification for most classifications assigned to pay schedules 02 (administrative support), 03 (blue collar), 05 (security and public safety), and 06 (technical), as was done in the 2019-21 compensation plan. [Correctional security positions in pay ranges 05-31 and 05-32 would again be excluded from the market stratification due to other pay increases provided to those positions in the 2019-21 compensation plan.] The bill does not include language to accomplish either provision. Rather, the increases would be included through the state compensation plan for the 2021-23 biennium, and would be implemented as soon as practicable.

28. As noted previously, subsequent to introduction of the bill, the administration identified a calculation error relating to the cost of these provisions. The reestimated cost of implementing both provisions is $2,211,000 GPR annually (rather than $3,879,900 GPR annually). Although the provisions are presented together, they could be considered as separate proposals and could each be implemented independently of the other. Therefore, each of the provisions is described in more detail below, including separate cost estimates.

29. *Minimum Pay*. Increasing minimum pay for executive branch agencies to $15 per hour would affect the four pay schedules noted above: 02, 03, 05, and 06. Each of the affected pay schedules has two or three pay ranges for which current minimum pay is less than $15 per hour. The proposal would eliminate the lowest pay range (grade 8) in each of the four pay schedules, and would

reallocate positions from this range to the pay range above it (grade 9). Currently, 361 executive branch employees, excluding UW System, are paid less than $15 per hour (between $12.49 and $14.95 per hour). However, increasing the pay of only these employees would cause pay compression and equity issues. To prevent such issues from occurring, the proposal would increase the minimum for the lowest remaining range (grade 9) in each schedule to $15 per hour, increase minimum rates for several other ranges, and provide pay increases to other employees among several of the pay ranges above the lowest range. Under the proposal, positions in these pay schedules with pay between $15 and $20.66 per hour would also receive raises. If the minimum pay proposal were implemented alone, without a seniority-based market stratification, 1,249 employees who currently earn more than $15 per hour would receive a pay increase (in addition to the 361 who earn less than $15 per hour).

30. To facilitate an increase in minimum pay for executive branch employees (excluding UW System) to $15 per hour, without a seniority-based market stratification, the Committee could provide $815,000 GPR annually to compensation reserves (estimated cost of $3,108,100 all funds annually). [Alternative C1]

31. *Market Stratification*. Positions in pay schedules 02, 03, 05, and 06 include the lowest-paid classifications as well as positions in somewhat higher pay ranges. Minimum pay for positions in these schedules ranges from $12.49 per hour (blue collar pay range 03-8, which includes classifications such as custodian) to $22.84 per hour (administrative support pay range 02-15, which includes classifications such as financial specialist-advanced). Because these positions are assigned to non-broadband schedules, there is limited flexibility for an appointing authority to provide pay increases. Employees in non-broadband schedules are generally appointed at the minimum of the pay range and by default would remain at the minimum as they gain experience, because pay range structures are typically increased by percentage amounts equal to general wage adjustments that are provided. In other words, an employee who starts at the minimum and receives a 2% general wage adjustment would still be paid at the minimum rate, since pay minimums would also increase by 2% when the general wage adjustment is implemented.

32. The 2019-21 compensation plan, as approved by JCOER, included a market stratification to increase the hourly pay of employees in these pay schedules based on years of service as follows: (a) 0 to 2 years ($0.20); (b) 3 to 4 years ($0.30); (c) 5 to 6 years ($0.40); (d) 7 to 9 years ($0.50); or (e) 10 or more years ($0.60). The cost of pay adjustments was permitted to be supplemented from compensation reserves, subject to availability of funds. One-time pay increases were provided based on years of continuous service as of December 22, 2019. To illustrate the effect of the stratification, due to the inclusion of this provision in the compensation plan, employees in these pay schedules who had 0 to 2 years of experience as of December 22, 2019 (currently approximately 1.5 to 3.5 years of experience) generally are paid about $0.20 per hour above the current minimum rate for the pay range applicable to the employee's classification.

33. Subsequent to implementing the adjustments in the 2019-21 compensation plan, the Division of Personnel Management received feedback from multiple agencies requesting that similar adjustments be made a priority for inclusion in the 2021-23 compensation plan as well. If such increases were again provided, approximately 5,200 individuals in 200 classifications would receive one-time, seniority-based pay raises of $0.20, $0.30, $0.40, $0.50, or $0.60 per hour. Current pay

rates for these employees range between $12.49 and $34.93 per hour.

34. To support pay increases of $0.20 to $0.60 per hour to employees in pay schedules 02, 03, 05, and 06 based on years of service, the Committee could provide $1,668,800 GPR annually to compensation reserves (estimated cost of $5,086,000 all funds annually). [Alternative C2]

35. Because the two proposals target positions in the same pay schedules and would both provide increases to employees earning less than $15 per hour, if implemented together, the cost would be less than the sum of the separately calculated proposal costs. If the Committee were to allocate resources for both proposals, it could provide $2,211,000 GPR annually to compensation reserves (estimated cost of $7,307,300 all funds annually). [Alternative C3]

36. If the Committee takes no action with regard to the proposals, the Division of Personnel Management could consider including one or both of the provisions in the proposed 2021-23 compensation plan, subject to available funding. Any proposed modifications to the compensation plan will be subject to review and approval by JCOER. [Alternative C4]

Night and Weekend Differentials

37. The federal Fair Labor Standards Act (FLSA) covers all classified, and certain unclassified, employees in state service. In addition to establishing a minimum wage, FLSA generally requires employers to pay covered employees time and a half (150% of base pay) for hours worked above 40 hours in a work week. Exceptions to the requirement are commonly referred to as executive, administrative, and professional exemptions. To administer the requirements of the law, state positions are designated as "exempt" or "nonexempt."

38. State employees in positions determined to be FLSA-nonexempt receive, in addition to overtime premium, a differential of $0.45 per hour for all night hours worked (work hours between 6 p.m. and 6 a.m.) and $0.60 per hour for all weekend hours worked (work hours on Saturday and Sunday). If an employee works at night on the weekend, the differential is additive ($1.05 per hour). The night and weekend differential rates were last increased in the 1997-99 biennium.

39. Employees who receive night and weekend differential pay are generally lower-paid employees, many of whom provide direct care to individuals residing in state facilities that operate 24 hours a day, seven days a week (correctional institutions, state centers for individuals with intellectual disabilities, and veterans homes). The pay differentials are intended to serve as an incentive for employees to volunteer for work shifts that are less desirable. In addition, pay differentials are a way of recognizing the quality of life impacts of working nights and weekends and rewarding employees for their service and commitment.

40. The administration proposes increasing night and weekend differentials to $0.80 per hour for each, based on the differential rates paid by other employers, including other states, the City of Madison, and UW-Madison. The Division of Personnel Management indicates that the current night and weekend differential pay rates are lower than those of most other states. The Division indicates that the current rates are of relatively low value, resulting in high turnover and vacancy rates for positions working these shifts, which results in additional overtime expenses at time and a half (a

higher hourly cost than the proposed night and weekend differential pay rates combined).

41. Under the proposal, an employee would receive differential pay of $0.80 per hour for night hours (a 78% increase) and $0.80 per hour for weekend hours (a 33% increase). The combined differential pay for hours worked at night on the weekend would be $1.60 per hour, an increase of 52% from current differential pay for night hours on the weekend ($1.05 per hour). As a point of comparison, the percentage change in the consumer price index for all urban consumers from September, 1997, to April, 2021, was approximately 66%. Funding provided to compensation reserves in AB 68/SB 111 for the cost to increase the pay differentials, including variable fringe benefits, is $2,388,800 GPR in 2022-23 based on an implementation date of July 1, 2022. Estimated all funds costs would be $3,432,300 in 2022-23.

42. Given that most other state employers provide higher night and weekend differential pay and that the differentials have not been modified in 24 years, the Committee could provide $2,388,800 GPR in 2022-23 to increase night and weekend differential pay rates to $0.80 per hour each, beginning July, 2022, to reduce turnover, vacancies, and resulting overtime expenses for position classifications that work night and weekend shifts. [Alternative D1]

43. As noted above, the proposal could have desirable effects from the perspective of recruitment, retention, and overtime expenses for positions that work night and weekend shifts. Therefore, it could be argued that night and weekend differential rates should be increased sooner than July, 2022. If the Committee wished for the proposal to be implemented prior to the administration's target date, it could provide: (a) $1,194,400 GPR in 2021-22 and $2,388,800 GPR in 2022-23 for increased rates starting January 1, 2022 [Alternative D2]; or (b) $2,388,800 GPR annually for increased rates as soon as practicable (beginning with the effective date of the 2021-23 compensation plan approved by JCOER). [Alternative D3]

44. If the Committee were to provide a lesser amount of funding, the Division of Personnel Management could propose lesser increases to the differential pay rates. If the Committee takes no action, it is unlikely the cost of increased differential pay rates could be absorbed within appropriated agency budgets. As a result, the pay rates would likely remain the same. [Alternative D4]

ALTERNATIVES

A. General Wage Adjustments

1. Provide $21,717,000 GPR in 2021-22 and $65,734,500 GPR in 2020-23 for two general wage adjustments of 2% each on January 1, 2022, and January 1, 2023.

ALT A1	Change to Base
GPR	$87,451,500

2. Provide $10,858,500 GPR in 2021-22 and $32,761,300 GPR in 2022-23 for two general wage adjustments of 1% each on January 1, 2022, and January 1, 2023.

ALT A2	Change to Base
GPR	$43,619,800

3. Take no action.

B. Market Wage and Parity Adjustments

1. Provide $5,000,000 GPR annually for market wage and parity adjustments (0.3% of base payroll).

ALT B1	Change to Base
GPR	$10,000,000

2. Provide $4,500,000 GPR annually (0.26% of base payroll).

ALT B2	Change to Base
GPR	$9,000,000

3. Provide $4,000,000 GPR annually (0.23% of base payroll).

ALT B3	Change to Base
GPR	$8,000,000

4. Provide $3,500,000 GPR annually (0.2% of base payroll).

ALT B4	Change to Base
GPR	$7,000,000

5. Provide $3,000,000 GPR annually (0.17% of base payroll).

ALT B5	Change to Base
GPR	$6,000,000

6. Provide $2,500,000 GPR annually (0.14% of base payroll).

ALT B6	Change to Base
GPR	$5,000,000

7. Take no action.

C. Minimum Pay and Market Stratification

1. Provide $815,000 GPR annually to increase minimum pay for executive branch employees (excluding UW System) to $15 per hour.

ALT C1	Change to Base
GPR	$1,630,000

2. Provide $1,668,800 GPR annually to support pay increases of $0.20 to $0.60 per hour to employees in pay schedules 02, 03, 05, and 06 based on years of service.

ALT C2	Change to Base
GPR	$3,337,600

3. Provide $2,211,000 GPR annually to increase minimum pay for executive branch employees (excluding UW System) to $15 per hour and support pay increases of $0.20 to $0.60 per hour to employees in pay schedules 02, 03, 05, and 06 based on years of service.

ALT C3	Change to Base
GPR	$4,422,000

4. Take no action.

D. Night and Weekend Differentials

1. Provide $2,388,800 GPR in 2022-23 to increase night and weekend differential pay rates to $0.80 per hour each, beginning July, 2022.

ALT D1	Change to Base
GPR	$2,388,800

2. Provide $1,194,400 GPR in 2021-22 and $2,388,800 GPR in 2022-23 to increase night and weekend differential pay rates to $0.80 per hour each, starting January 1, 2022.

ALT D2	Change to Base
GPR	$3,583,200

3. Provide $2,388,800 GPR annually to increase night and weekend differential pay rates to $0.80 per hour each as soon as practicable.

ALT D3	Change to Base
GPR	$4,777,600

4. Take no action.

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